Starrex International Ltd.

Consolidated Financial Statements

December 31, 2021 and 2020

Expressed in U.S. Dollars

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McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Starrex International Ltd.

Opinion

We have audited the consolidated financial statements of Starrex International Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

McGovern
Hurley

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 28, 2022

Starrex International Ltd.

Consolidated Statements of Financial Position

Expressed in U.S. dollars

		December 31, 2021		December 31, 2020
ASSETS				
Current Assets				
Cash	**$**	**2,172,169**	$	1,493,600
Accounts receivable (Note 8)		**992,155**		938,049
Prepaid expenses		**113,209**		109,596
		3,277,533		2,541,245
Non-current assets				
Property and equipment, net of depreciation (Note 3)		**318,235**		62,120
Intangible assets (Note 4)		**898,093**		1,052,386
Goodwill (Note 7)		**915,288**		915,288
Right-of-use assets (Note 5)		**289,895**		126,568
Total assets	**$**	**5,699,044**	$	4,697,607
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**1,350,086**	$	967,861
Contract liabilities (Note 9)		**580,372**		741,874
Current portion of lease liabilities (Note 5)		**91,501**		113,490
		2,021,959		1,823,225
Non-current Liabilities				
Lease liabilities (Note 5)		**206,879**		25,486
Total liabilities	**$**	**2,228,838**	$	1,848,711
Shareholders' equity				
Share capital (Note 11)		**7,707,501**		7,519,769
Contributed surplus (Note 12)		**390,136**		491,118
Accumulated other comprehensive income		**(261,534)**		(261,534)
Deficit		**(4,365,897)**		(4,900,457)
Total shareholders' equity		**3,470,206**		2,848,896
Total liabilities and shareholders' equity	**$**	**5,699,044**	$	4,697,607

Basis of Presentation (Note 2)
Commitment (Note 20)
Subsequent events (Note 21)
The accompanying notes are an integral part of these consolidated financial statements.

On Behalf of the Board:

Signed: Matthew D. Hill
Chairman

Signed: Scott M. Reeves
Director

Starrex International Ltd.

Consolidated Statements of Income and Comprehensive Income
For the fiscal years ended December 31, 2021 and 2020
Expressed in U.S. dollars

		2021		2020
Income				
Revenue from contracts with customers (Note 10)	**$**	**20,716,262**	$	17,051,127
Expenses				
Transaction costs		**13,958,529**		11,138,696
Payroll expense		**2,747,719**		2,382,455
General and administrative		**1,931,124**		1,562,582
Professional fees		**446,926**		327,519
Management and corporate services (Note 6)		**410,560**		210,560
Depreciation and amortization (Notes 3, 4 and 5)		**349,246**		359,337
Shareholder services		**18,879**		13,422
Government, regulatory and filing fees		**24,197**		22,535
Share-based payments (Note 12)		**-**		53,052
Interest expense (Notes 5 and 15)		**11,543**		24,885
Franchise tax expense		**71,559**		61,093
		19,970,282		16,156,136
Other Income				
Government Assistance		**-**		795,084
Income before provision for income taxes		**745,980**		1,690,075
Income tax expense (Note 13)		**211,420**		721
Net income and comprehensive income for the year	**$**	**534,560**	$	1,689,354
Basic net income per share	**$**	**0.03**	$	0.11
Diluted net income per share	**$**	**0.03**	$	0.11
Basic weighted average number of common shares outstanding		**15,741,840**		15,552,525
Diluted weighted average number of common shares outstanding		**15,917,469**		15,558,704

The accompanying notes are an integral part of these consolidated financial statements.

Starrex International Ltd.

Consolidated Statements of Changes in Equity

For the fiscal years ended December 31, 2021 and 2020

Expressed in U.S. dollars

	Number of Shares		Value		Contributed Surplus		Deficit		Accumulated Other Comprehensive Income		Total
Balance, December 31, 2019	**15,552,525**	**$**	**7,519,769**	**$**	**297,427**	**$**	**(6,712,786)**	**$**	**(261,534)**	**$**	**842,876**
Options granted (Note 12)	-		-		316,666		-		-		316,666
Options expired (Note 12)	-		-		(122,975)		122,975		-		-
Net income for the year	-		-		-		1,689,354		-		1,689,354
Balance, December 30, 2020	**15,552,525**	**$**	**7,519,769**	**$**	**491,118**	**$**	**(4,900,457)**	**$**	**(261,534)**	**$**	**2,848,896**
Options exercised (Note 12)	200,000		187,732		(100,982)		-		-		**86,750**
Net income for the year	-		-		-		534,560		-		**534,560**
Balance, December 30, 2021	15,752,525	**$**	7,707,501	**$**	390,136	**$**	(4,365,897)	**$**	(261,534)	**$**	**3,470,206**

The accompanying notes are an integral part of these consolidated financial statements.

Starrex International Ltd.

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
Expressed in U.S. dollars

	December 31, 2021	December 31, 2020
Cash flows from operating activities		
Net income for the year	**$ 534,560**	$ 1,689,354
Items not affecting cash:		
Depreciation and amortization (Notes 3,4 and 5)	**349,246**	359,337
Share based payments (Note 12)	**-**	53,052
Gain on debt extinguishment (Note 15)	**-**	(796,600)
Net change in non-cash working capital items relating to operating activities		
Accounts receivable	**(54,106)**	(370,973)
Prepaid expenses	**(3,613)**	(18,743)
Accounts payable and accrued liabilities	**382,225**	(238,843)
Contract liabilities	**(161,502)**	316,170
Cash flows generated from operating activities	**1,046,810**	998,754
Cash flows from investing activities		
Purchase of property and equipment (Note 3)	**(302,807)**	(20,366)
Cash flows used in investing activities	**(302,807)**	(20,366)
Cash flows from financing activities		
Lease payments (Note 5)	**(152,184)**	(173,456)
Repayment of note payable (Note 15)	**-**	(247,751)
Proceeds from note payable (Note 15)	**-**	790,600
Exercise of options (Note 12)	**86,750**	-
Cash flows from (used in) financing activities	**(65,434)**	369,393
Increase in cash	**678,569**	1,347,781
Cash, beginning of year	**1,493,600**	145,819
Cash, end of year	**$ 2,172,169**	$ 1,493,600

<u>Non-cash financing activities:</u>

Right-of-use asset (Note 5)	**311,588**	**-**
Lease liability (Note 5)	**311,588**	**-**

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operation

Starrex International Ltd. (“Starrex” or the “Company”) was incorporated on October 2, 1982 pursuant to the Canada Business Corporation Act. The Company's address is 639 5th Avenue S.W., Calgary, Alberta T2P 0M9. The Company’s primary business is to acquire, manage and grow companies in the United States active in mortgage, real estate and other financial sectors.

These consolidated financial statements were approved by the Board of Directors on April 28, 2022.

2. Significant Accounting Policies

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended December 31, 2021.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise noted.

Basis of Presentation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Principles of Consolidation

These consolidated financial statements include the Company and its wholly owned subsidiaries, Property Interlink, LLC, MFI Credit Solutions, LLC, Reliable Valuation Service, LLC and Starrex Holdings, Inc. All subsidiaries at December 31, 2021 are 100% owned, directly or indirectly, and controlled by the Company. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses, have been eliminated upon consolidation.

2. Significant Accounting Policies - continued

Business Combinations

A business acquisition is a transaction or other event in which control over one or more businesses is obtained. A business is an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits. A business consists of inputs and processes applied to those inputs that have the ability to create outputs that provide a return to the Company and its shareholders. A business need not include all of the inputs and processes that were used by the acquiree to produce outputs if the business can be integrated with the inputs and processes of the Company to continue to produce outputs. If the integrated set of activities and assets is in the research and development stage, and thus, may not have outputs, the Company considers other factors to determine whether the set of activities and assets is a business.

In accordance with IFRS 3, Business Combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill and allocated to cash generating units. Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Non-controlling interest in an acquisition may be measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

If the fair value of the net assets acquired exceeds the purchase consideration, the difference is recognized immediately as a gain in profit or loss.

Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2. Significant Accounting Policies - continued

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with Financial Instruments ("IFRS 9") or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Judgments and Estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The Company's business could be adversely affected by the outbreak of respiratory illness caused by the novel coronavirus ("COVID 19"). The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, the Company or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. The continued spread of the COVID-19 globally could materially and adversely impact the Company's business including, without limitation, employee health, limitations on travel, the availability of industry experts and personnel, and other factors that depend on future developments beyond the Company's control. The impact of current uncertainty on judgments, estimates and assumptions extends but is not limited to the Company's valuation of the long-term assets, including the assessment for impairment and impairment reversal. Actual results may differ materially from these estimates.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to these consolidated financial statements are as follows:

a) Goodwill and other indefinite life intangible assets are tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of intangible assets with definite lives (software, trade name, customer relationships, and non-compete agreements) and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in profit or loss. The assessment of fair values requires the use of estimates and assumptions related to future operating performance and discount rates, differences in these estimates and assumptions could have a significant impact on the consolidated financial statements.

b) Significant judgment is involved in the determination of useful life for the computation of depreciation of property and equipment and amortization of intangible assets. No assurance can be given that actual useful lives will not differ significantly from current assumptions.

2. Significant Accounting Policies – continued

c) Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of acquisition date fair values often requires management to make assumptions and estimates about future events. The assumptions with respect to fair value of intangible assets require a high degree of judgment and include estimates for future operating performance, discount rates, technology migration factors and terminal value rates.

d) The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company is also subject to tax regulations as they relate to flow-through financing arrangements. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

e) The determination of the Company's lease liability and right-of-use asset depends on certain assumptions which includes the selection of the discount rate. The discount rate is set by referencing to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

f) Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Functional Currency

Starrex International Ltd., the parent company, and its subsidiaries have a functional currency of the U.S. dollar ("USD"). This reflects the fact that the majority of the Company's business is influenced by an economic environment denominated in U.S. currency; as well, the Company earns revenues in USD. The presentation currency of these financial statements is USD.

Transactions denominated in foreign currencies (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or recorded in equity in hedging transactions, are recognized in profit

2. Significant Accounting Policies – continued

or loss. Non-monetary assets and liabilities measured at cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Revenue Recognition

Appraisal Services

Customers contractually initiate appraisal requests with Reliable Valuation Service, LLC, which provide real property valuations for mortgage lenders and banks. Revenue is recognized from appraisal services when the requested appraisal report is provided to the customer and collection is reasonably assured. Unsatisfied contracts at the end of a reporting period are reported as deferred revenue. These contracts are at fixed prices.

Appraisal Management Fees

During the course of business, Property Interlink, LLC charges a management fee for appraisals associated with loans. These management fees are recognized when the appraisal is ordered.

Credit Reporting Services

MFI Credit Solutions, LLC provides consumer credit reports to the real estate industry and consumer service companies. Revenue is derived primarily from mortgage banks and brokers.

Revenue is recognized from credit reporting services when the requested credit report is provided to the customer and collection is reasonably assured. Unsatisfied contracts, if any, at the end of a reporting period are reported as deferred revenue. Credit reports are delivered instantly upon request. These contracts are at fixed prices.

Intangible Assets

The Company's intangible assets consist of:

- Software licensed, acquired or developed;
- Proprietary software;
- Non-compete employment agreements;
- Customer relationships; and.
- Credit bureau repository codes.

The Company amortizes licensed software and proprietary software over its estimated useful life of 5 years on a straight-line basis. The Company amortizes non-compete employment agreements over the life of the agreement of 4-5 years. The Company amortizes its customer relationships over their estimated useful life of 5-10 years. The credit bureau repository codes are not amortized as they have an indefinite life.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses if any. Intangible assets acquired through business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization methods of the intangible assets are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

2. Significant Accounting Policies - continued

Government Grants and Assistance

Government grants are recognized only once there is reasonable assurance that the Company will be able to comply with any conditions attached to the grant and that the grant will be received. Grants are recognized as either income over the period(s) necessary to match them with the related costs or if related to a specific expense, as a reduction or contra to the expenses for which they are intended to compensate, on a systematic basis. Grants receivable for costs already incurred or for immediate financial support, with no future related costs, are recognized as income in the period in which the grant is receivable.

Internally Generated Intangible Assets

The Company recognizes expenditures on research activities as an expense in the year in which it incurs the expenditures. It recognizes an internally generated intangible asset arising from development if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditures attributable to the intangible asset during its development.

Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVTPL or at amortized cost. Accounts receivable held for collection of contractual cash flows are measured at amortized cost.

2. Significant Accounting Policies - continued

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of income. The Company measures cash and accounts receivable at amortized cost.

Subsequent measurement – financial assets at FVTPL

Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of income. The Company does not measure any financial assets at FVTPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of income when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are accounts receivable arising from appraisal and credit reporting activity, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

2. Significant Accounting Policies - continued

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company's financial liabilities include accounts payable and accrued liabilities, and lease liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of income. The Company measures accounts payable and accrued liabilities, note payable and lease liabilities at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of income.

Compound financial instruments

The components of compound financial instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The liability component of a compound financial instrument is recognized initially at fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component is accounted for at amortized cost using the EIR method until the instrument is converted or the instrument matures. The liability component accretes up to the principal balance at maturity. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. As at December 31, 2021 and 2020, the Company did not have any convertible instruments.

Fair value of financial instruments

The Company's financial instruments consist primarily of cash, accounts receivable, accounts payable and accrued liabilities. The following fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

2. Significant Accounting Policies – continued

- Level 1 – Unadjusted quoted prices in active markets of identical assets or liabilities.
- Level 2 – Quoted prices for similar assets or liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs for the asset or liability.

Impairment of non-financial assets

The non-financial assets of the Company are comprised of property and equipment, intangible assets and goodwill. For non-financial assets excluding goodwill, the Company assesses at each reporting date whether there is an indication that an asset or Cash Generating Unit ("CGU") may be impaired. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If any indication exists, then the Company estimates the asset's recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

Goodwill and intangible assets with indefinite life are reviewed for impairment annually or more frequently if there are indications that impairment may have occurred. Goodwill impairment and intangible assets with intangible life are tested at either the individual or group CGU level and is determined based upon the recoverable amount of the individual CGU or group of CGUs compared to the individual CGU or group of CGUs respective carrying amount(s). The recoverable amount is the higher of fair value less costs to sell and the value in use. Value in use is generally determined using the discounted cash flow method. If the impairment loss exceeds the carrying amount of goodwill or intangible assets with indefinite life, the asset is written off completely. Any impairment loss left over is allocated to the remaining assets of the individual CGU or group of CGUs.

Cash and Cash Equivalents

Cash and cash equivalents include deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. All short-term highly liquid investments can be converted into cash at any time and are not subject to a penalty. As at December 31, 2021 and 2020, the Company did not have any cash equivalents.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

2. Significant Accounting Policies - continued

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Stock-based Compensation

The Company has in effect a Stock Option Plan (the “Plan") which is described in Note 12. The Plan allows Company employees, directors and officers to acquire shares of the Company for a specified option amount set on the date of grant. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes model and is recorded as stock-based compensation expense over the vesting period of the options. Consideration paid on the exercise of stock options is credited to share capital. The contributed surplus associated with the options is transferred to share capital upon exercise.

Income Per Share

Basic income per common share is calculated by dividing the income attributed to shareholders for the year by the weighted average number of common shares outstanding in the year. Diluted income per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use assets are adjusted for impairment losses, if any. The estimated useful lives and recoverable amounts of right-of-use assets are determined on the same basis as those of property, plant and equipment. The lease liability is initially measured at the present value of the lease payments that are

2. Significant Accounting Policies - continued

not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Comparative Figures

The prior year comparatives have been updated to conform with the current year’s presentation.

Changes in Accounting Policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued ‘Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction’ that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

(expressed in United States dollars)

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

3. Property and Equipment

		Furniture & Equipment		Leasehold Improvements		Total
Cost						
As at December 31, 2019	$	470,955	$	72,201	$	543,156
Additions		20,366		-		20,366
As at December 31, 2020	$	491,321	$	72,201	$	563,522
Additions		249,556		53,251		302,807
As at December 31, 2021	$	740,877	$	125.452	$	866,329
Accumulated depreciation						
As at December 31, 2019	$	403,508	$	58,004	$	461,512
Expense		29,576		10,314		39,890
As at December 31, 2020	$	433,084	$	68,318	$	501,402
Expense		40,777		5,915		46,692
As at December 31, 2021	**$**	**473,861**	**$**	**74,233**	**$**	**548,094**

(expressed in United States dollars)

3. Property and Equipment – Continued

Net book value						
As at December 31, 2020	$	58,237	$	3,883	$	62,120
As at December 31, 2021	$	**267,016**	$	**51,219**	$	**318,235**

4. Intangible Assets

	Business Software & Website	Proprietary Software	Non-Compete Agreements	Customer Relationships	Credit Bureau Repository Codes	Total
Cost						
As at December 31, 2019	$ 67,113	$ 200,377	$ 310,746	$ 834,962	$ 647,269	$2,060,467
As at December 31, 2020 and 2021	**$ 67,113**	**$ 200,377**	**$ 310,746**	**$ 834,962**	**$ 647,269**	**$2,060,467**
Accumulated depreciation						
As at December 31, 2019	$ 67,113	$ 180,921	$ 205,821	$ 390,565	$ -	$ 844,420
Expense	-	12,301	33,581	117,779	-	163,661
As at December 31, 2020	**$ 67,113**	**$ 192,222**	**$ 239,402**	**$ 508,344**	**$ -**	**$1,008,081**
Expense	-	2,934	33,581	117,778	-	154,293
As At December 31, 2021	**$ 67,113**	**$ 196,156**	**$ 272,983**	**$ 626,122**	**$ -**	**$1,162,374**
Net Book Value						
As at December 31, 2020	$ -	$ 7,155	$ 71,344	$ 326,618	$ 647,269	$1,052,386
As at December 31, 2021	**$ -**	**$ 4,221**	**$ 37,763**	**$ 208,840**	**$ 647,269**	**$ 898,093**

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(expressed in United States dollars)

5. Leases

The Company has elected not to recognize right-of-use assets that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use asset		**Total**
As at December 31, 2019 and 2020	$	417,133
Additions		311,588
Leases expired		(341,909)
Balance as at December 31, 2021	**$**	**386,812**
Accumulated depreciation		
Balance as at January 1, 2020	$	(134,779)
Expense		(155,786)
Balance as at December 31, 2020		(290,565)
Expense		(148,261)
Leases expired		341,909
Balance as at December 31, 2021	**$**	**(96,917)**
Net book value		
As at December 31, 2021	**$**	**289,895**
As at December 31, 2020	$	126,568

Lease Liabilities

		Total
Balance at January 1, 2020	$	312,432
Lease payments		(173,456)
Balance as at December 31, 2020		138,976
Additions		311,588
Lease payments		(152,296)
Balance as at December 31, 2021	$	298,380
Current portion of lease liabilities	$	91,501
Long-term portion of lease liabilities	$	206,879

(expressed in United States dollars)

The following is a reconciliation from the undiscounted lease payments to the lease liabilities:

2022	$ 131,697
2023	$ 105,462
2024	$ 86,639
Total contractual cash flows	**$ 323,798**
Less: interest expense	$ 25,418
Lease liability	**$ 298,380**

6. Related Party Transactions

Amcap Mortgage Ltd.

AmCap Mortgage Ltd., a related customer (by common Director), accounted for $12,696,799 (2020 - $9,941,204) of revenue to the Company. As at December 31, 2021 $450,189 (December 31, 2020 – $390,676) is included in accounts receivable on the consolidated statements of financial position.

Hilltop Financial, LLC

On November 16, 2018, the Company entered into a Promissory Note with Hilltop Financial, LLC, a related party (by common Director) to be utilized as a revolving line of credit with a maturity date of December 1, 2019 and which is collateralized by the accounts receivable of MFI Credit Solutions, LLC and Property Interlink, LLC. This revolving line of credit was renewed effective December 1, 2019 for one year with the same terms. The Company recorded $Nil in accrued interest for the year ended December 31, 2021 (2020 – $7,468). As at December 31, 2020, The Company had paid in full all outstanding balances associated with the line of credit.

Key Management Compensation

The Company had the following transactions with officers and directors of the Company and private companies controlled by officers and directors of the Company for management consulting and other services required:

i) The Company incurred $857,976 in management fees and associated payroll for the year ended December 31, 2021 (2020 - $613,391) to key members of management. These fees are included in payroll, management and corporate services. At December 31, 2021 and 2020 all amounts had been paid.

ii) The Company incurred $Nil in share-based payments for the year ended December 31, 2021 (2020 - $53,052) for options granted to the Chief Executive Officer.

iii) During the year ended December 31, 2021, 100,000 (2020 – Nil) options were exercised by the Chief Executive Officer and 100,000 (2020 - Nil) options were exercised by one director.

7. Goodwill

Goodwill is not amortized but is evaluated for impairment annually or when indicators of a potential impairment are present. The Company's impairment testing is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans. The Company's annual goodwill impairment testing determined that the carrying value of the goodwill included in each of the Company's reportable segments (Note 19) did not exceed their value in use and, as a result, the Company did not report an impairment charge. The change in net carrying amount of goodwill for the years ended December 31, 2021 and 2020 is as follows:

(expressed in United States dollars)

7. Goodwill - continued

		Property Interlink, LLC		MFI Credit Solutions, LLC		Total
Balance, December 31, 2019	**$**	621,132	**$**	294,156	**$**	915,288
Balance, December 31, 2020 and 2021	**$**	**621,132**	**$**	**294,156**	**$**	**915,288**

The recoverable amount was determined based on a value in use calculation which uses cash flow projections covering a period of 5 years, cash flows beyond 5 years extrapolated using a growth rate of 2% per annum (2020 – 2%) and Weighted Average Cost of Capital ("WACC") rates as follows:

Reportable Segment:	2021 WACC	2020 WACC
Property Interlink, LLC.	15.4%	16.9%
MFI Credit Solutions, LLC	17.9%	19.0%

8. Accounts Receivable

Accounts receivable primarily consists of outstanding balances in Property Interlink, LLC, MFI Credit Solutions, LLC and Reliable Valuation Services, LLC associated with the completion of appraisals and delivery of credit reports.

Accounts receivable balances as at December 31, 2021 and 2020 are as follows:

		2021		2020
Appraisal receivables	$	644,790	$	493,069
Credit reporting receivables		307,021		362,111
Other receivables		40,344		82,869
Total	$	992,155	$	938,049

Aging of accounts receivable as at December 31, 2021 and 2020 are as follows:

	Appraisal Receivables				Credit Reporting Receivables			
Aging		**2021**		**2020**		**2021**		**2020**
Current	$	360,630	$	460,807	$	284,074	$	321,812
31-60 days		193,820		20,807		17,987		8,574
61-90 days		19,525		6,090		-		41
>90 days		70,815		5,365		4,960		31,684
Total	$	644,790	$	493,069	$	307,021	$	362,111

(expressed in United States dollars)

9. Contract Liabilities

The Company recognized the following liabilities in Property Interlink, LLC and Reliable Valuation Service, LLC related to contracts with customers as of December 31, 2021 and 2020:

		2021		**2020**
Contract liabilities	$	284,759	$	453,051
Deferred revenue		295,613		288,823
Total	$	580,372	$	741,874

10. Revenue from Contracts with Customers

The Company derives revenue from the completion of real estate appraisals and from the delivery of consumer credit reports and ancillary credit reporting activity. The following revenues were recognized by Property Interlink, LLC, MFI Credit Solutions, LLC and Reliable Valuation Services, LLC for the year ended December 31, 2021 and 2020:

		2021		**2020**
Appraisal revenue	$	15,342,502	$	12,018,353
Credit reporting revenue		5,373,760		5,032,774
Total	$	20,716,262	$	17,051,127

11. Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares.

Issued	**Number of Common Shares**	**Amount $**
Balance, December 31, 2019 and 2020	15,552,525	7,519,769
Shares issued – exercise of options (Note 12)	200,000	187,732
Balance, December 31, 2021	**15,752,525**	**7,707,501**

12. Share-Based Payments

The Company has a Plan that enables its directors, officers, employees, consultants and advisors to acquire common shares of the Company. Options are granted at the discretion of the Board of Directors. Under the terms of the Plan, options totaling up to 10% of the common shares outstanding from time to time are issuable. The exercise price, vesting period and expiration period are fixed at the time of grant at the discretion of the Board of Directors.

(expressed in United States dollars)

12. Share-Based Payments - continued

	Number of options	Weighted average exercise price $	Grant Date Fair Value
Outstanding, December 31, 2019	300,000	1.14	0.72
Options issued	550,000	0.50	0.48
Options expired	(150,000)	1.31	0.95
Options issued	100,000	0.36	0.53
Outstanding, December 31, 2020	800,000	0.61	0.61
Options exercised	(100,000)	0.50	0.53
Options exercised	(100,000)	0.37	0.48
Outstanding and exercisable, December 31, 2021	600,000	0.64	0.59

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life
Granted October 5, 2018	75,000[2]	75,000	$ 1.38[3]	October 5, 2023	1.76
Granted May 8, 2019	50,000[4]	50,000	$ 0.59[5]	May 8, 2024	2.35
Granted November 25, 2019	25,000[2]	25,000	$ 0.56[6]	November 23, 2024	2.90
Granted, January 8, 2020	450,000[1]	450,000	$ 0.51[7]	January 7, 2025	3.02
Total	**600,000**	**600,000**			**2.80**

(1) Executive Officers or Directors of the Company hold these options. They are fully vested.
(2) Key employees hold these options. They are fully vested.
(3) The exercise price is CAD $1.75.
(4) A consultant of the Company holds these options. They are fully vested.
(5) The exercise price is $0.75 CAD.
(6) The exercise price is $0.71 CAD.
(7) The exercise price is $0.65 CAD.

The Company incurred $Nil in share-based payment expense for options for the year ended December 31, 2021 (2020 - $53,052).

The fair value at grant date is determined by using the Black-Scholes model which considers the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Effective January 8, 2020, the Company granted to directors and employees 550,000 options to purchase common shares of the Corporation with an exercise price of $0.65 CDN. The options expire January 7, 2025 and vest immediately.

The following weighted average assumptions were used to calculate the fair value of the stock options granted during the period:

(expressed in United States dollars)

12. Share-Based Payments - continued

	2020
Share price ($CAD)	**0.70**
Expected dividend yield	**Nil**
Risk free interest rate (%)	**1.67**
Expected stock volatility (%)	**145**
Expected life (years)	**5**

Effective September 11, 2020, the Company granted to the President and Chief Executive Officer 100,000 options to purchase common shares of the Company with an exercise price of $0.47 CAD.

The following weighted average assumptions were used to calculate the fair value of the stock options granted during the period:

	2020
Share price ($CAD)	**0.75**
Expected dividend yield	**Nil**
Risk free interest rate (%)	**0.35**
Expected stock volatility (%)	**153**
Expected life (years)	**5**

The options expire September 10, 2025 and vest immediately. Effective September 1, 2020, 100,000 options to purchase common shares of the Company with an exercise price of $1.70 CAD expired.

13. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 – 26.5%) and the United States federal statutory income tax rate of 21% (2020 – 21%) to the effective tax rate is as follows:

		2021		2020
Loss before provision for income taxes	**$**	**745,890**	$	1,690,075
Expected income tax expense	**$**	**89,000**	$	345,000
Adjustments to expected income tax expense:				
Share-based payments		**-**		14,000
Expenses not deductible for tax purposes		**7,000**		1,000
Change in tax benefits not recognized		**115,420**		(359,288)
Income tax expense	**$**	**211,420**	$	712

(expressed in United States dollars)

13. Income Taxes – continued

Unrecognized Deferred Tax

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	2021	2020
Recognized deferred tax assets and liabilities:		
Non-capital loss carry-forwards	**$ 20,000**	$ 10,000
Other temporary differences	**(20,000)**	(10,000)
Total	**$ -**	$ -

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2021	2020
Unrecognized deferred tax assets:		
Canadian capital losses carried forward	**$ 2,417,000**	$ 2,047,000
Canadian non-capital losses carried forward	**4,278,000**	3,166,000
United States intangible assets	**234,000**	247,000
United States non-capital losses carried forward	**497,000**	541,000
Total	**$ 7,426,000**	$ 6,001,000

The Canadian non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows (in CAD):

2026	$ 47,000
2027	48,000
2029	80,000
2030	70,000
2031	71,000
2032	105,000
2033	149,000
2034	553,000
2035	849,000
2036	1,174,000
2037	419,000
2038	105,000
2039	206,000
2040	116,000
2041	1,432,000
	$ 5,424.000

13. Income Taxes – continued

The Company's United States non-capital income tax losses carried forward are $497,000 (2020 – 541,000) and may be carried forward indefinitely subject to an 80% limitation of taxable income.

14. Net Income per Share

Basic and diluted income per share has been calculated based on the weighted average number of common shares outstanding in 2021 of 15,741,840 (2020 – 15,552,525).

The dilutive effect of stock options is determined by using the treasury stock method and adjusts the figure used in the determination of basic earnings per share to take into account the weighted average number of shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

For the year ending December 31, 2021, 525,000 share options outstanding, were included in the diluted net income per share calculation, resulting in 15,917,469 weighted average number of common shares outstanding (2020 – 15,558,704).

15. Notes Payable

On November 16, 2018, the Company entered into a promissory note with a principal amount of $250,000 utilized as a revolving operating line of credit, which was renewed with a maturity date of December 1, 2020 and is collateralized by the accounts receivable of Property Interlink, LLC and MFI Credit Solutions LLC. The interest accrues at 6% per annum. The Company recorded $7,468 in accrued interest for the year ended December 31, 2020 (2019 – $8,497). As at December 31, 2020, the Company had paid in full all outstanding balances.

On April 17, 2020, two of the U.S. subsidiaries were granted loans from Frost Bank in the aggregate amount of $790,600, pursuant to the Paycheck Protection Program under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Promissory Note dated April 17, 2020, matures on April 17, 2021, and bears an interest rate of 1.00% per annum, payable monthly commencing on November 17, 2020. The Note may be prepaid by the Company at any time prior to maturity with no prepayment penalty. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company used the entire loan amount for qualifying expenses. Under the terms of the Paycheck Protection Program, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Effective November 11, 2020, the aggregate principal balances of $790,600 was forgiven by the Small Business Administration and have been recognized as income.

16. Capital Disclosures

The Company's objectives when managing capital are to maintain its ability to continue as a going concern to provide return for shareholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company considers the items included in equity as capital, which totals $3,470,206 as at December 31, 2021 (December 31, 2020 - $2,848,896).

Management reviews its capital management approach on an ongoing basis and believes that this

16. Capital Disclosures - continued

approach, given the relative size of the Company, is reasonable. The Company does not have externally imposed capital requirements.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2021 and 2020.

17. Financial Risk Factors

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. As at December 31, 2021 and 2020, the carrying values and fair values of the Company's financial instruments are approximately the same.

The Company is exposed, in varying degrees, to the following financial instrument related risks:

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. For financial assets, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. In the normal course of business, the Company is exposed to credit risk from its customers and the related accounts receivable are subject to normal industry credit risk.

The Company applies the IFRS 9 simplified approach to measuring expected losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the year end. The historical loss rates, if any, are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has not experienced any collection issues with respect to its trade and other receivables and has not provided for expected credit losses in 2021 or 2020.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available working capital to meet its liquidity requirements. At December 31, 2021, the Company had cash of $2,172,169 (2020 - $1,493,600) available to settle current liabilities of $2,021,959 (2020 - $1,848,710).

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's, obligations are not considered significant.

Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at December 31, 2021 and 2020, the Company held immaterial amounts of accounts receivable and accounts payable and accrued liabilities in Canadian currency and considers foreign currency risk to be low.

(expressed in United States dollars)

17. Financial Risk Factors – continued

		December 31, 2021		December 31, 2020
Accounts receivable	**$**	**14,886**	$	**-**
Accounts payable and accrued liabilities		**(2,241)**		(6,535)
Total	**$**	**12,645**	$	(6,535)

Concentration Risk

The Company has certain customers whose revenue individually represented 10% or more of the Company's total revenue. Concentration risk for Amcap Mortgage, Ltd. by segment is as follows:

	2021		2020	
Segment	**Revenue ($)**	**Revenue (%)**	**Revenue ($)**	**Revenue (%)**
Appraisal revenue	$ 9,585,646	46	$ 7,683,232	43
Credit reporting revenue	3,111,153	15	2,257,972	13
Total	$ 12,696,799	61	$ 9,941,204	56

All of the Company's revenue for the year ended December 31, 2021 and 2020, was in the United States.

As at December 31, 2021, two customers, Amcap Mortgage, Ltd and Finance of America Mortgage accounted for 67% ($429,105) of the Company's appraisal accounts receivable balances.

As at December 31, 2020 two customers, Amcap Mortgage, Ltd and Finance of America Mortgage accounted for 57% ($535,911) of the Company's appraisal accounts receivable balances. As at December 31, 2020, one customer accounted for 42% ($390,676) of appraisal accounts receivable.

There can be no assurance that all or any of the Company's customers will continue to be customers of the Company. The loss of any such customers may have a materially negative impact on the company's business conditions and financial results.

18. Segmented Disclosures

The Company organizes its reporting structure into four reportable segments. For management purposes, the Company is organized into segments based on their products and services provided. Management monitors the operating results of each segment separately for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows:

i) Property Interlink, LLC manages residential appraisals and maintains all of the ordering, tracking, administrative duties and details and ensures the timeliness of appraisals that are handled during a real estate mortgage transaction.

ii) Starrex International Ltd., or Corporate, manages the wholly owned subsidiaries, as well as shareholder services and corporate governance.

iii) MFI Credit Solutions, LLC manages consumer credit reporting and maintains all of the ordering, tracking, administrative duties and details required to support consumer credit reporting activities.

iv) Reliable Valuation Service, LLC provides residential evaluations of residential real estate to third parties.

(expressed in United States dollars)

18. Segmented Disclosures – continued

Select financial information for the year ended December 31, 2021 is presented as follows:

	Property Interlink, LLC	MFI Credit Solutions, LLC	Corporate	Reliable Valuation Service, LLC	Total
Current assets	$ 828,991	$ 952,351	$ 36,773	$ 1,459,418	$ 3,277,533
Property and equipment	74,017	15,580	202,265	26,373	318,235
Right-of-use assets	289,895	-	-	-	289,895
Intangible assets	70,273	760,610	67,210	-	898,093
Goodwill	621,132	294,156	-	-	915,288
Total assets	$ 1,884,308	$ 2,022,697	$ 306,248	$ 1,485,791	$ 5,699,044
Current liabilities	$ 864,707	$ 840,718	$ 145,248	$ 171,286	$ 2,021,959
Long-term liabilities	206,879	-	-	-	206,879
Total liabilities	$ 1,163,087	$ 840,718	$ 145,248	$ 171,286	$ 2,228,838
Revenues	$ 9,764,593	$ 5,373,760	$ -	$ 5,577,909	$ 20,716,262
Expenses	$ 9,741,009	$ 5,118,372	$ 310,686	$ 4,800,215	$ 19,970,282
Operating (loss) income from continuing operations before provision for income tax	$ 23,584	$ 255,388	$ (310,686)	$ 777,694	$ 745,980
Income tax expense	$ -	$ 48,540	$ -	$ 162,880	$ 211,420
Net (loss) income and comprehensive loss for the year	$ 23,584	$ 206,848	$ (310,686)	$ 614,814	$ 534,560

(expressed in United States dollars)

18. Segmented Disclosures – continued

Select financial information for the year ended December 31, 2020 is presented as follows:

	Property Interlink, LLC	MFI Credit Solutions, LLC	Corporate	Reliable Valuation Service, LLC	Total
Current assets	$ 816,121	$ 915,479	$ 45,530	$ 764,115	$ 2,541,245
Property and equipment	22,926	25,536	-	13,658	62,120
Right-of-use assets	126,568	-	-	-	125,568
Intangible assets	87,043	862,755	102,588	-	1,052,386
Goodwill	621,132	294,156	-	-	915,288
Total assets	$ 1,673,790	$ 2,097,926	$ 148,118	$ 777,773	$ 4,697,607
Current liabilities	$ 914,893	$ 718,846	$ 143,465	$ 46,021	$ 1,823,225
Long-term liabilities	25,486	-	-	-	25,486
Total liabilities	$ 940,379	$ 718,846	$ 143,465	$ 46,021	$ 1,848,711
Revenues	$ 7,721,740	$ 5,032,775	$ -	$ 4,296,612	$ 17,051,127
Government assistance	$ 668,269	$ 126,815	$ -	$ -	$ 795,084
Expenses	$ 7,800,455	$ 4,706,017	$ 182,184	$ 3,467,480	$ 16,156,136
Operating (loss) income from continuing operations before provision for income tax	$ 589,554	$ 453.573	$ (182,184)	$ 829,132	$ 1,690,075
Income tax expense	$ -	$ -	$ 721	$ -	$ 721
Net (loss) income and comprehensive loss for the year	$ 589,554	$ 453,573	$ (182,905)	$ 829,132	$ 1,689,354

19. Commitment

i) Effective November 1, 2021, the Company entered into a consulting agreement for appraisal compliance oversight with a maturity date of October 31, 2022. As at December 31, 2021, this agreement has minimum commitments of $35,000.

20. Subsequent Events

i) Effective March 10, 2022, the Company established Starrex Technical Services, LLC, which serves as a third-party consulting division.